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ABSTRACT

A case study reviewing the process of establishing Penn State Great Valley (the first permanent campus facility erected in a corporate park in the United States) is presented. This is a tangible symbol of the degree to which American universities are reaching beyond traditional boundaries to serve adult learners who are place bound and often well into active careers. Information is provided as follows: introduction (case study focus and profile of Penn State Great Valley (formerly King of Prussia Center for Graduate Studies and Continuing Education); strategic planning: genesis of Penn State Great Valley (strategic planning process, external assessment, internal assessment, and strategic planning goals and action plan); establishing a permanent location (authorization to proceed, ad hoc planning stage, and fiscal analysis and debt service); operating budget model; and facility siting and design. The developer-university partnership is discussed, noting that the concept for Penn State Great Valley was the result of a detailed strategic planning process which conceived the new facility as a strategic opportunity for Penn State in Pennsylvania's major metropolitan area. Penn State Great Valley is a timely response to a unique set of environmental conditions. It appears that developer-university partnerships forged to create unique adult learning campuses established as part of business settings may offer useful options for responding to these requests for expanded services. Two attachments are: (1) scatterplot of fall, 1984 credit student enrollment displayed by residential address, and (2) scatterplot of fall, 1984 credit enrollment displayed by employer address. (SM)

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Establishing a Corporate Campus: Penn State Great Valley

Summary of Presentation Given at
The Society for College and University Planning,
Mid-Atlantic Region Conference:
"Creative Responses to External Change,"
April 15-16, 1988, Baltimore, MD

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Abstract

In the fall of 1988 Penn State Great Valley will open the first permanent campus facility erected in a corporate park in the United States. It is a tangible symbol of the degree to which American universities are reaching beyond traditional boundaries to serve adult learners who are place bound, and in this case, well into active professional careers. This case study reviews the process of establishing the facility, the operating budget model for the campus, capital financing plan, facility design considerations and the strategic planning process which provided the opportunity for the project to be developed and acquire the support and resources to be implemented.

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INTRODUCTION

In the fall of 1988 Penn State Great Valley will welcome students and faculty to the first permanent campus facility erected in a corporate park in the United States. This event is significant well beyond the Philadelphia-area communities served by the facility. It is a tangible symbol of the degree to which American universities are reaching beyond traditional boundaries to serve adult learners who are place bound and, in this case, well into active professional careers.

Case Study Focus

This case study has an operational and pragmatic focus. The authors begin with a brief profile of Penn State Great Valley. Three primary topics are then discussed:

1. The genesis of Penn State Great Valley within the context of strategic planning;
2. The process of identifying a site for the new facility, highlighting its innovative use of real estate;
3. The operating budget model, debt service for the project and facility design considerations.

Profile: Penn State Great Valley/King of Prussia Center

Penn State's regional graduate center in Southeastern Pennsylvania (suburban Philadelphia) was established in 1963 in direct response to a request from General Electric's Valley Forge Space Center (GE). Its initial academic program was a general professional engineering masters degree offered during the evening for employees of GE and other area

industries. Over the following 25 years, graduate programs were added in mathematics (1969), industrial engineering (1970), public administration (1976), elementary education (1979), training design and development (1983) and, in 1988, management. Additionally a variety of state-required education certification programs for school teachers and administrators (e.g., principalship, supervision)--each treated as post-baccalaureate graduate programs--were added. All programs are extended from and academic oversight is maintained by academic units located at Penn State's University Park campus. In spring, 1988 the Graduate Center enrolled nearly 900 students, all part-time and generally fully employed: over 10 percent of Penn State's entire graduate student population.

The Center leased three different former elementary school buildings over its first 25 years, each within a short distance of the other. The facilities had been assured only through a series of one, two or five year leases, the latest due to expire in December 1988. The unit was known as the King of Prussia Graduate Center from 1963 to 1978, the Radnor Center for Graduate Studies and Continuing Education from 1978 to 1982, and the King of Prussia Center for Graduate Studies and Continuing Education from 1982 to 1988. The facility is renamed Penn State Great Valley effective August, 1988.

As one of Penn State's 22 campus sites, the Center's mission is limited to graduate and continuing education programs, the latter added during a 1978 administrative restructuring. The Center's executive officer reports jointly to the Vice President and Dean, Commonwealth

Education System (head of 17 two-year undergraduate campuses and statewide continuing education) for budgetary and operational matters; to the Vice President for Research and Dean of the Graduate School for academic oversight.

The Center is one of three Penn State campuses located in suburban Philadelphia (the others in Abington and Media), the fifth largest metropolitan area in the country. Two additional Penn State undergraduate campuses are within an hours drive of suburban Philadelphia (in Allentown and Reading). The Philadelphia area has the greatest concentration of colleges and universities in the United States--over 80. The combined enrollment of over 6000 students among the Penn State graduate center and the two nearest campuses in Abington and Media places Penn State 10th in the region in enrollment.

Since the mid-1970s the Graduate Center has been as much a headquarters for regional operations as a campus. It operates eight or more graduate course locations each year in corporate or school facilities throughout Southeastern Pennsylvania allowing concentrations of students to complete graduate work at or near their place of work. Most of these satellite locations are within an hours driving time of the King of Prussia site, some as much as two hours driving time from the central site. In spite of relatively poor central facilties (which include a library and computer lab with both mainframe and microcomputer access) the graduate enrollment of the Center increased by over 100 percent from 1982 to 1986.

Twelve full time faculty are based at the Center, each with an

appointment in their academic department at the central Penn State University Park campus. Two additional full time faculty positions will be appointed to support the new graduate program in management. Approximately 50 percent of the graduate center teaching is done by part-time faculty, all requiring formal review and approval by central campus-based academic departments. Many of these part-time faculty are also members of the graduate faculty; a separate, more rigorous appointment at Penn State (requiring nomination by the academic college).

STRATEGIC PLANNING: GENESIS OF PENN STATE GREAT VALLEY

In the fall of 1984 Penn State began in earnest its first systemwide strategic planning effort. The process was organized into five major planning units encompassing the entire University system. Subunits were given considerable autonomy in undertaking strategic planning. It was within this planning context that the strategic opportunity now known as Penn State Great Valley took shape and acquired the support and resources to be implemented.

Strategic Planning Process

Because the graduate teaching mission for the Center is regional in nature, the strategic planning group represented five additional Penn State campuses in or adjacent to the region. The process was supported by a part-time planning assistant.

The initial step was to construct the mission statement. There

was essentially little change in the Center's mission: simply a clarification and consensus reached resulting in a carefully written summary. The mission statement for the King of Prussia Center was thus stated:

> The mission of the King of Prussia Center, strategically located in the rapidly growing high technology, commercial/industrial Route 202 corridor, is to provide high quality graduate and continuing education programs, courses and services, especially those associated with technology and related fields, which meet the unique needs of a population composed primarily of part-time, employed adults. To meet these ever changing needs, the Center, while serving the University as a prototype and key resource for creative methods of acquiring and disseminating knowledge, will develop those services in modes relevant to current and future trends. Programs will be delivered in easily accessible places, at convenient times, and in cooperation with the community in innovative partnerships so as to support the systematic growth of the region.

External Assessment

The external assessment, which resulted in listings of constraints and opportunities, was extensive. The suburban Philadelphia region was undergoing rapid and successful economic growth and diversification. Although the external assessment was quite detailed, its major thrusts may be distilled to the following four items:

1. The graduate center lacks visibility in the area and is perceived as a limited, temporary facility.
2. The growth of high tech industry in the region provides many

opportunities for program expansion, particularly in the western Philadelphia suburbs--the so-called Route 202 high tech corridor.

3. The continued projected influx of people to the area provides many opportunities for new programs in other areas than are currently available: management, health care, etc.
4. The relatively high education and income levels of this new population provides a special opportunity for Penn State's graduate center, because of the Center's special expertise in offering graduate and continuing education programs to adult professionals.

Part of the process of completing the external assessment included developing a visual scatterplot of the suburban area indicating graduate students enrolled in fall of 1984, displayed by both residential and employer address. (See attachments A and B.) These scatterplots indicated that the Center was indeed a regional graduate center drawing from the entire Southeastern Pennsylvania area, including northern Delaware, west-central New Jersey extending as far west as Reading and as far north as Allentown. The external assessment thus suggested where the Center should be located to maximize service to the region. It also indicated that few area colleges had made significant commitments to extending their services to part-time adult learners in the suburbs--the primary growth area in the Philadelphia region. The external assessment recognized that competitors would likely do so in the near future.

Internal Assessment

The internal assessment was similarly exhaustive and illuminating in its accuracy and directness. The summary of the internal assessment of constraints and opportunities included:

1. The current facility (King of Prussia) offers inadequate space and an unprofessional appearance, making it difficult to attract faculty and students and adversely affecting employee morale.
2. The unique program delivery style and lean staffing puts serious constraints on faculty productivity by requiring a great deal of travel time to satellite course locations.
3. The semi-autonomus budgetary operating model has given the Center flexibility to be responsive to area needs.
4. The use of part-time faculty has allowed the Center to tap talent in local industry and business.
5. Operating primarily as an evening school provides the potential for facilities to be made available for other daytime uses.

The internal assessment also recognized that, historically, the academic colleges had been hesitant to extend professional graduate degrees to the regional graduate Center. Due to Penn State's centralized academic oversight system, this had been a severe internal constraint. Developing a permanent, much more attactive and well recognized campus facility was seen as one possible remedy for this constraint.

Strategic Planning Goals and Action Plan

The year long strategic planning process yielded four primary goals for the Center, 1985-1990:

1. Increase visibility, public relations and awareness.
2. Enhance instructional effectiveness and support.
3. Increase support for faculty research and development.
4. Enhance administrative effectiveness.

This case study is focusd only on goal number one, specifically action plan number one among the three major action items pertinent to this goal:

1. Establish a permanent location or a long-term commitment to an adequate central facility.
2. Develop the Center as a community resource.
3. Develop additional staff and other resources to enhance public and private sector awareness of Center program and services.

"ESTABLISH A PERMANENT LOCATION..."

It became clear that there was one predominent goal which needed to be accomplished before all other goals could be achieved: to establish a "permanent" campus location. In fact, as part of the strategic planning process the strategic planning staff assistant was asked to conduct a preliminary investigation of available real estate--largely at that point limited to a review of existing facilities available for rennovation and long-term lease (ten to twenty years).

Authorization to Proceed

The first implementation objective was to obtain the needed authorization to proceed with an expanded investigation of potential sites and cost. A briefing was arranged for Penn State senior officers (President, Executive Vice President and Provost, Senior Vice President for Finance). The Graduate Center's Acting Director and the Vice President and Dean of the Commonwealth Education System obtained authorization to proceed to examine possible sites. A key inducement to continued investigation was the intention to finance the new lease (or purchase) through net marginal revenue generated by the Center's unique stand-alone operating budget. This, coupled with the Center's strong enrollment growth in recent years, implied limited capital outlay and financial risk for the University.

The first sites examined were in Upper Merion Township, the location of the present King of Prussia Center. The external assessment had indicated that the King of Prussia area was the ideal location for the "permanent" graduate center. University representatives approached the Upper Merion School Board about purchase of the existing facility. The nine acre site and 40,000 square foot former elementary school, built in 1953, was appraised at approximately $1.8 million. This concept was rejected by the School Board. A search for other sites within the Township revealed that very little land was available for development. Over 90% of land was already committed to commercial or residential development.

Ad Hoc Planning Stage

Following these initial attempts to obtain a site the process moved into an unanticipated ad hoc strategic planning stage. Without formal designation, the Graduate Center Director, his Director of Business Services, and the University's Assistant Treasurer became the primary team for reviewing sites and developing cost analyses.

A local commercial realtor was contacted and asked to assist the University in an expanded review of sites. The realtor was unfamiliar with how to represent an institutional client and the University representatives were equally unfamiliar with examining commercial real estate--by that time determined to be the most likely alternative, as opposed to former school buildings. (A key component of the strategic plan was to shed the temporary and "old school building" image of the former facilities).

As the realtor presented the University project to various developers there were mixed, not overly enthusiastic reactions. Local University officials began by believing that they could obtain land or a building or sections of a building as a gift to the University. This was quickly revealed as unrealistic given the lack of visibility of the the graduate center over its history--thus lack of broad local support.

Additionally, developers did not immediately recognize the merit of the concept of establishing a graduate center for part-time students as an important asset to a commercial development.

The commercial realtor then suggested distributing a formal request for proposal (RFP) to area developers. This forced the

University officials to review the planning goals and determine primary objectives for the facility. These objectives were determined to be: 1) location, 2) access, 3) visibility, 4) timing (the University lease on the current facility was to expire at that time within 12 months, June 30, 1987). The RFP process also forced local University representatives to clarify quite specifically the space needs for the facility. It was determined initially that a facility in a range of 65,000 to 75,000 square feet, expandable to 100,000 square feet, was required. Estimated cost for the project was now $5 to $6 million for land and construction.

The RFP was sent to over 200 developers in the Philadelphia area. Over 20 sites were examined. As the process proceeded it became clear that new construction in a corporate park was the most likely alternative. The expense of renovating existing structures did not compare favorably to new construction. The visibility criterion was beginning to be defined as a "state-of-the-art" facility for teaching adult learners which matched the high-tech image of the burgeoning corporate development in the area.

The search yielded three sites as final possibilities. Developers were now beginning to recognize the significance of locating a major university graduate center in their corporate parks and competition among developers increased dramatically. The commercial realtor provided much-needed assistance in screening and qualifying interested developers.

Fiscal Analysis and Debt Service

A team of University executives was flown by helicopter to view the three leading sites and meet with the developers for presentations. The use of a helicopter was chosen specifically to ensure that these officials recognized the full dimensions of the rapidly developing suburban region (in contrast to the more rural region common to most other Penn State campuses) and the relationship of the three sites to major roadways and traffic patterns. Following these visits the leading alternative became very clear, based primarily on the fit to the planning objectives of location, access, visibility and timing. The developer chosen for the project, Rouse and Associates of Malvern, Pennsylvania, was also the first to grasp fully the compelling advantage of locating a well known research and teaching university campus within a corporate community at the cutting edge of high technology business development and expansion.

The Assistant Treasurer and Graduate Center Acting Director worked closely to determine the net marginal revenue the Center would be able to contribute to debt service. Estimates derived two scenerios for growth, the most conservative projecting that the Center budgets would be able to asssume full debt service in five to seven years after relocation, reaching a 100 percent increase of graduate enrollment at that time. For the three final site presentations developers had prepared proposals which included land and building cost estimates and design concepts. The final negotation for the Great Valley site was conducted by the Senior Vice President of Finance for the University.

The land (8.5 acres) was eventually purchased for $235,000 per acre and the facility constructed by the developer for about $64 per square foot--a $7.3 million project which will include an 83,000 square feet facility. The University's planning and fiscal officers conducted further analyses of projected personnel and operating expense. A briefing and recommendations were prepared and presented to the University's Board of Trustees at their January 1987 meeting. The project was approved and contracts were signed later that spring. A lease extension through December 1988 was obtained for the current facility. The groundbreaking ceremony for the project was held in November 1987 and the first steel was in place February 1988. Penn State is expected to occupy the building in August of 1988 in time to open its fall classes.

OPERATING BUDGET MODEL

It is critical to understand that this particular Penn State campus is unique in the Penn State system in that it retains it own income and is responsible for its own expense--is a stand-alone budget within the larger Commonwealth Education System. The budget model employed is a version of Planned Program Budgeting System (PPBS). Expense is projected in direct relation to programs and/or individual courses; total expense and income is projected in this manner each fiscal cycle. General support expenses for the Center are grouped in expense sub-budgets. About 23 percent of the $2.8 million annual operating budget is provided by University general funds as subsidy.

The positive track record of this operating budget model over the previous eight years was instrumental in obtaining authorizations to proceed with the project. Predictable budget management, steady growth and a very strong regional economy allowed University executives to have confidence in the ability of the Center to manage its annual operations and new capital debt.

Physical plant expenses in the leased facility (about $225,000 per year in fiscal 1987) provided the base for the newly assumed debt service of the new facility. Increased corporate fund raising coupled with net marginal revenue that was projected to contribute $50,000 to $70,000 additional support to debt service per year until the full debt service of $680,000 per year would be supported locally.

It is also important to note that this budget model maximized entrepreneurial motivation among staff at the Graduate Center. The ability to control assets, revenue and expense through speedy local management decisioning had allowed the Center to become very market sensitive over time. This includes quick programmatic response to needs of adult learners and their employers and sensitivity to other program opportunities as well as the ability to quickly discontinue programs when appropriate. The Center's strategic plan argues strongly for continued semi-autonomus budgetary management to maintain the entrepreneurial flexibility critical to Center operations.

FACILITY SITING AND DESIGN

Based on the Center's long experience in serving exclusively adult

learners pursuing their education part-time, the design for the building contains maximum flexibility for future change. Additionally, higher than normal allocations for parking are included in the building design.

Because the building caters to an employed professional clientele, the architects were instructed to design a structure more closely resembling a corporate office building than a University campus. This theme is captured in the external architecture of the building as well as key interior highlights. For example, the Center's lobby includes a three story atrium and "corporate" treatment of walls, floor covering and lighting. The lobby design was enlarged and materials upgraded to provide a dramatic entryway as well as an area for receptions, exhibits and special events.

The classrooms were designed to more closely resemble corporate training rooms than traditional student classrooms. Furnishings include fabric-covered arm chairs on casters with conference-type meeting tables: there are no student-type desk chairs in the facility.

Construction of a facility for part-time adult learners suggested inclusion of the latest teaching technology and aids. Each classroom is wired for voice, data and video transmission. Each faculty and administrative office is wired for voice and data transmission. The primary meeting spaces are configured in a local area network (LAN) to allow full telecommunications support. A dish for receiving satellite transmission will be installed. Planning is underway to install a T-1 circuit to the central University Park campus for high speed data

transmission and compressed video to support video conferencing.

Building materials were selected on the assumption that space usage would change. The use of wallboard with insulation versus the standard concrete block walls allows easy and inexpensive changing of configuration. Carpet was used throughout the building for noise reduction and to achieve the "corporate look." Exterior precast was used to accelerate the tight construction schedule and to provide a less expensive way to construct additions.

Utilities and wiring access are placed in a central core allowing greater usage of space and to increase flexibility. Suspended ceilings with a larger than normal area between ceiling and decking allow easier access for changing wiring configurations.

Visibility of the facility was considered a key to establishing a much enhanced presence for the Graduate Center in the region. It was achieved through siting and external design of the building. The facility is adjacent to Route 202, a four lane major artery which carries well over 50,000 automobiles daily, with the most dramatic aspect of the building facing Route 202.

Departments within the facility were placed with cost and access in mind. For example the library was placed on the ground level to prevent the need for additional structural support. The registration office was located off the main lobby for quick student access and included rising glass walls connecting to the lobby for visibility. Classrooms were place in the wings of the building and were zoned in a separate temperature control areas so that they need not be heated when

not in use.

Building construction is expected to take about nine months. This will be achieved in part through using a single primary contact point within the University for the project, the Center's Director of Business and Financial Services, and undertaking a turnkey project whereby the developer retains full construction responsibility. Decisions related to plan alterations are thus made quickly. The University's specialists in capital construction review in detail planning and installation factors through specification, design and site inspection.

SUMMARY

Penn State Great Valley provides a case study of a developer-university partnership which appears to be culminating in construction of a unique university campus. The concept for Penn State Great Valley was the result of a detailed strategic planning process which conceived the new facility as a strategic opportunity for Penn State in Pennsylvania's major metropolitan area. The unique Planned Program Budget System operating budget model encouraged the entrepreneurial management style that drove the program to success levels which required a new facility. The success of the budget model was conducive to creating confidence among University executives when assessing whether projected net marginal revenue could eventually support fully the new facility debt service.

Penn State Great Valley is a timely response to a unique set of

environmental conditions. The region's economy and the University's internal climate and leadership were poised to act upon such an opportunity. Other regions of the nation will yield different data regarding external trends and opportunities and local academic institutions will have different constraints and capabilities which will define their ability to respond to their environments. But the definition of learning as a lifelong process is gaining wide acceptance. The human resource as the critical resource is widely recognized in the private sector, as is the recognition that our economy is increasingly knowledge-based. Colleges and universities will continue to be asked to provide their services when and where they are needed. It appears that developer-university partnerships forged to create unique adult learning campuses established as part of business settings may offer useful options for responding to these requests for expanded services.

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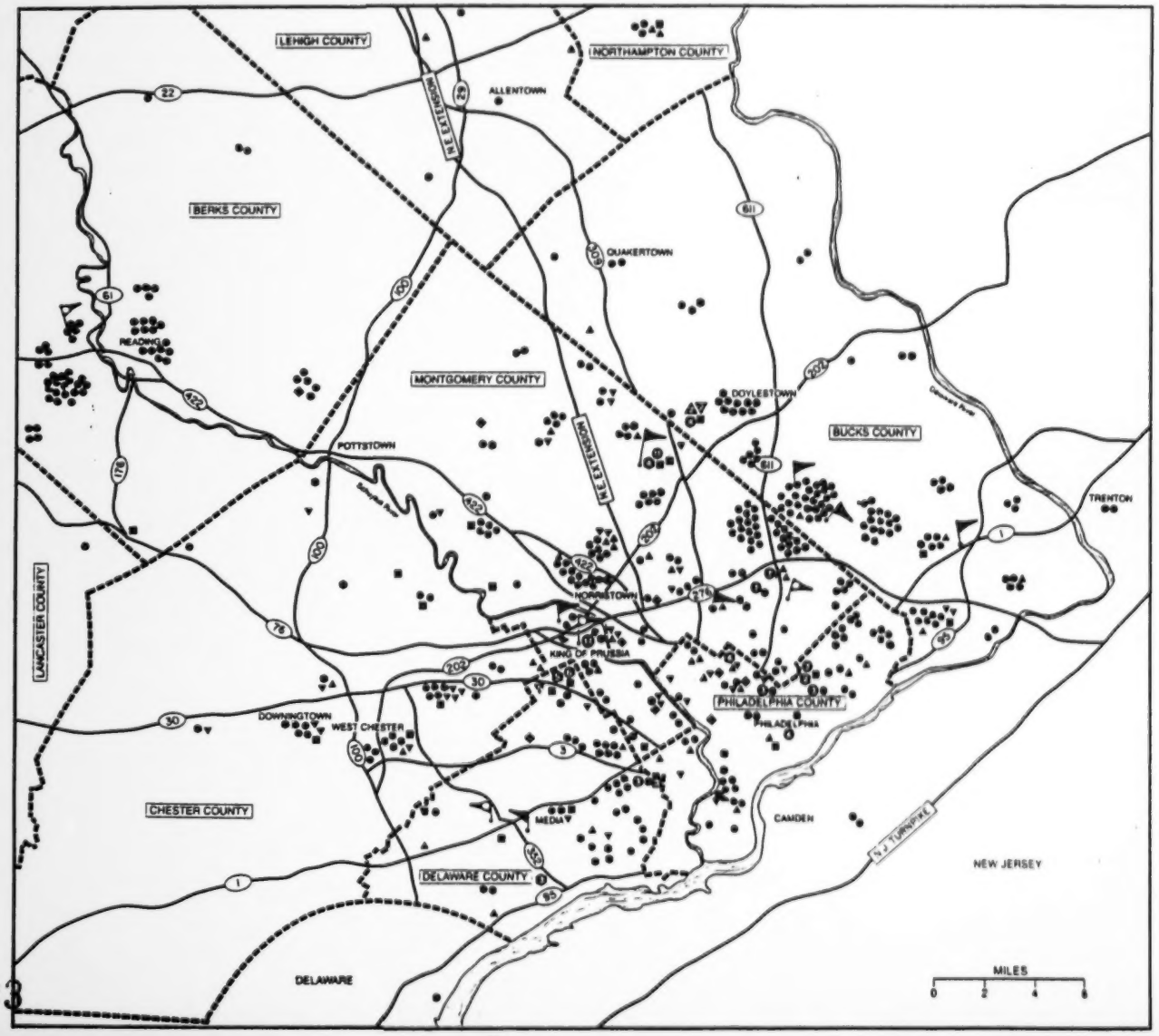

The
Pennsylvania
State University
King of Prussia Center

GRADUATE STUDIES AND
CONTINUING EDUCATION

FALL 1984

Credit Student Enrollment
(Degree and Non-Degree Graduate Students)

LEGEND:
- Engineering (ESC, IE)
- Spl. Ed.
- MPA
- Professional Development Cr. Courses (CE)
- MEd/MS (C & I; EIEd, Insys)
- Principalship Certification

CAMPUSES:
- King of Prussia Center
- Opontz Campus
- Berks County Campus
- Delaware County Campus

COURSE SITES:
- Log College Centennial School Dist.
- NADC, Warminster
- Ford Aerospace
- Wordsworth Academy
- Upper Merion Middle and Senior High Schools
- Elwyn Institute
- Woods Schools, Langhorne

Displayed by Residential Address
(N = 603)

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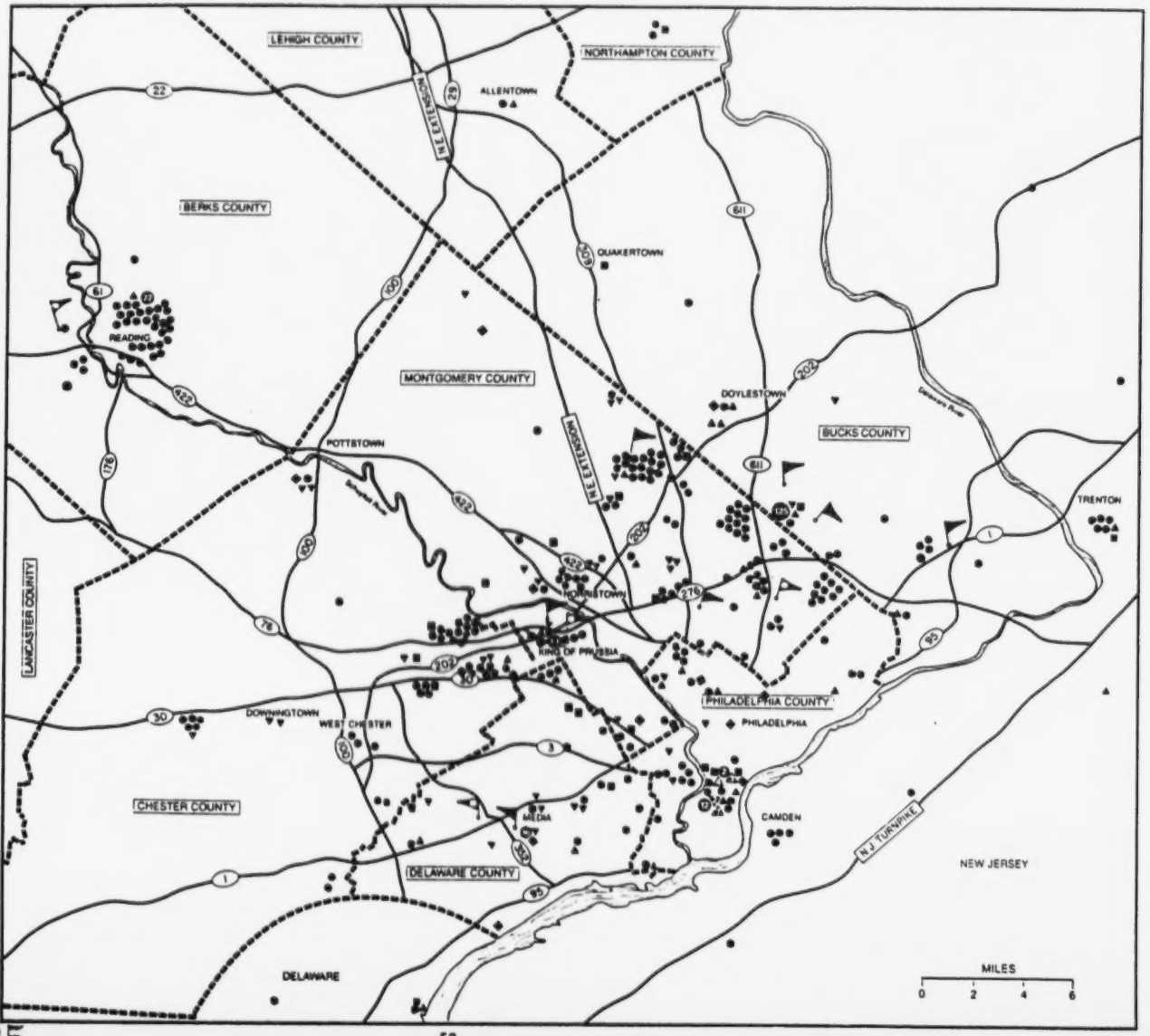

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